



State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

Jim Doyle, Governor
Jorge Gomez, Commissioner

Wisconsin.gov

August 18, 2003

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Advanced Via Facsimile

Mr. Thomas C. Geiser
Executive Vice President & General Counsel
WellPoint Health Networks Inc.
1 WellPoint Way
Thousand Oaks, CA 91362

Re: In the Matter of the Acquisition of Control of Blue Cross and Blue Shield United of Wisconsin; CompCare Health Services Insurance Corporation; Unity Health Plans Insurance Corporation; United Heartland Life Insurance Company; United Wisconsin Insurance Company; and Valley Health Plan, Inc. by WellPoint Health Networks, Inc. (Case No. 03-C28447)

Dear Mr. Geiser:

The following items are requested in connection with this Office's review of the proposed acquisition of control of Cobalt Corporation's Wisconsin domiciled insurance subsidiaries pursuant to ss. 601.42 and 611.72, Wis. Statutes.

1. Please provide specific information with respect to the terms and covenants on WellPoint's 6 3/8% Notes due in 2006 and 2012.
2. Please provide copies of the WellPoint Group's tax allocation agreement and general cost allocation agreement.
3. What specific circumstances trigger the executive change in control payments described in the Form S-4 filed with the U.S. Securities and Exchange Commission? Does the mere fact of a change in control trigger payments to executives or do the executives have to terminate their employment to receive compensation under the change in control provisions of their employment arrangements?
4. How is it anticipated that Cobalt Corporation will fund the executive change in control payments?
5. In an article by the Associated Press dated June 4, 2003, WellPoint spokesman Ken Ferber is quoted as saying that the acquisition of Cobalt Corporation will result in \$30 million in cost savings and additional revenue over the next four years. Please provide a

breakdown of the components of expense, cost savings and additional revenues that comprise this \$30 million figure.

6. What cash flow, time frame and sources of funds do the parties anticipate will be needed to pay principal and interest on the debt that will be incurred to fund the purchase of Cobalt Corporation?
7. What effect would WellPoint's acquisition and chosen method of debt financing of the transaction be anticipated to have on the factors determining rate levels?
8. What assets, if any, would be pledged to secure the debt that will be incurred to fund the purchase of Cobalt Corporation?
9. What are WellPoint's plans to dispose of the WellPoint stock that Blue Cross & Blue Shield United of Wisconsin will hold following the proposed acquisition of control?
10. What are the circumstances surrounding the subpoena from the U.S. Attorney's office for documents related to the now-vacated bid to acquire CareFirst, Inc.?
11. In reviewing the history and financial situations of WellPoint's existing insurance subsidiaries, it was noted that UNICARE of Texas Health Plans, Inc. and National Capital Health Plan, Inc. each had their certificates of authority voluntarily withdrawn. Why do these corporations remain in existence?
12. Since the parties' preparedness to close on the transaction is now imminent, who will serve as directors and officers of each of the following insurance corporations following the merger: Blue Cross and Blue Shield United of Wisconsin; Compcare Health Services Insurance Corporation; Unity Health Plans Insurance Corporation; United Heartland Life Insurance Company; United Wisconsin Insurance Company; and Valley Health Plan, Inc.?
13. Please send me biographical affidavits on the NAIC form for the following directors and officers of WellPoint Health Networks Inc.:
 - a. Leonard D. Schaeffer
 - b. Roger E. Birk
 - c. Sheila P. Burke
 - d. William H. T. Bush
 - e. Julia A. Hill
 - f. Warren Y. Jobe
 - g. Ramiro G. Peru
 - h. Jane G. Pisano
 - i. Elizabeth A. Sanders
 - j. D. Mark Weinberg
 - k. David C. Colby
 - l. Thomas C. Geiser
 - m. David S. Helwig
 - n. Joan E. Herman
 - o. Rebecca A. Kapustay

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- p. Woodrow A. Myers, Jr.
- q. John A. O'Rourke
- r. Alice F. Rosenblatt
- s. John S. Watts, Jr.
- t. Ronald J. Ponder
- u. Kenneth C. Zurek
- v. Robert A. Kelly

If you have questions concerning this letter, please call me at (608) 266-0295. I look forward to your response.

Sincerely,

A handwritten signature in black ink, appearing to read "Guenther H. Ruch", with a long horizontal flourish extending to the right.

Guenther H. Ruch, Administrator
Division of Regulation and Enforcement

GHR: SJJ

cc: Stephen E. Bablitch, Cobalt Corporation (via facsimile only)
David J. Hanson c/o Jonathan L. Schuster, Michael, Best & Friedrich LLP (via facsimile only)
Steven J. Junior, Office of the Commissioner of Insurance